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Letter dated 7 October 2005 from the Secretary-General addressed to the President of the Security Council

As you are aware, following the Security Council's consideration of my report on the United Nations Interim Administration Mission in Kosovo (UNMIK), of 23 May 2005 (S/2005/335 and Corr.1), I appointed Mr. Kai Eide (Norway) as my Special Envoy to undertake a comprehensive review of the situation in Kosovo (Serbia and Montenegro). The purpose of the review was to assess whether the conditions are in place to enter into a political process designed to determine the future status of Kosovo, in accordance with Security Council resolution 1244 (1999) and relevant Presidential Statements. Mr. Eide has now submitted his report to me, which I attach.

As indicated in the report, Mr. Eide has concluded that, while standards implementation in Kosovo has been uneven, the time has come to move to the next phase of the political process. Based on the assessment provided in the report and further consultations I have undertaken, in particular with my Special Representative, Mr. Søren Jessen-Petersen, I accept Mr. Eide's conclusion. I therefore intend to initiate preparations for the possible appointment, in the light of the outcome of the forthcoming Council deliberations, of a special envoy to lead the future status process. In undertaking this sensitive exercise, the special envoy would be conscious of concerns in the subregion. I would emphasize that, at the same time, standards implementation must continue with greater commitment and results. Progress in this regard is essential for the success and sustainability of any future status process.

In the light of the comprehensive nature of the report presented by Mr. Eide, I do not intend to submit to the Security Council a separate report on the activities of UNMIK at this time. My next periodic report on UNMIK would therefore be issued by the end of January 2006.

I would like to take this opportunity to put on record my appreciation to Mr. Eide for accepting this important assignment and preparing an excellent report, as well as for his efforts to contribute to an environment conducive to taking the political process forward.

I should be grateful if you would bring the attached report to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

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Annex

A comprehensive review of the situation in Kosovo

Summary

This report contains a comprehensive review of the situation in Kosovo with the aim of assessing whether the conditions are now in place for initiating and conducting the future status process. The review has also been used to seek progress on the ground and to contribute to an environment conducive to taking the political process forward.

Following a period of political stagnation and widespread frustration, Kosovo has entered a new period of dynamic development. A political process is under way and is gaining momentum. It is based on a comprehensive political strategy, which includes the prospects for a future status process.

The standards implementation process is an important part of this dynamic. The record of implementation so far is uneven. Particular progress has been made in the development of new institutional frameworks. After the end of the conflict in 1999, there was a total institutional vacuum in Kosovo. Today, a comprehensive set of institutions has been established which includes executive, legislative and judicial bodies at the central as well as the local levels. Much progress has also been achieved in the development of a sustainable legal framework. The legislative work of the Assembly, the Government and UNMIK has been ambitious, covering essential areas of public life and the economy. Systems providing public services have been put in place across most of Kosovo. A civil service is taking shape. Over the recent period, a significant transfer of competences has occurred. The local leaders have gradually assumed ownership of their own institutions. The development of new institutions is undermined by a strong tendency among politicians to see themselves as accountable to their political parties rather than to the public they serve. Appointments are, therefore, regularly made on the basis of political and clan affiliation rather than competence.

The Kosovo Serbs have chosen to stay outside the central political institutions and maintain parallel structures for health and educational services. The Kosovo Serbs fear that they will become a decoration to any central-level political institution, with little ability to yield tangible results. The Kosovo Albanians have done little to dispel this fear. The interests of the Kosovo Serbs would be better served if their representatives returned to the Assembly. The Kosovo Albanian parties should stimulate such a process. The time has also come for Belgrade to abandon its negative position towards Kosovo Serb participation.

With regard to the economy, significant progress has been made. Economic structures have been established and modern legislation exists in many essential areas. Nevertheless, the current economic situation remains bleak. The unemployment rate is still high and poverty is widespread. Grave problems exist with regard to lack of public income as well as an antiquated energy sector. To improve the situation, serious efforts must be undertaken. There are, however, positive longer-term prospects. The privatization process is well under way. It could have a direct and positive impact on the economy in Kosovo as many of the socially owned enterprises have been idle. However, the privatization process could lead to discrimination in employment along ethnic lines and affect the sustainability of

minority communities. It is important to avoid such negative effects. Kosovo also has valuable and unexploited natural resources, which would turn Kosovo into an energy exporter in an energy-hungry region.

If a future status process is launched, this will certainly have a positive effect on the economy of Kosovo. However, the Kosovo authorities must understand that they cannot depend on the international community to solve their problems. They must take steps to ensure that shortcomings are addressed. Investment and integration will depend not only on status, but also on a predictable and stable Kosovo, where the rule of law is respected.

Today, the rule of law is hampered by a lack of ability and readiness to enforce legislation at all levels. Respect for the rule of law is inadequately entrenched and the mechanisms to enforce it are not sufficiently developed. The Kosovo Police Service (KPS) is gradually taking on new and more demanding tasks. However, crimes of a more serious nature or with ethnic dimensions remain difficult for the KPS to address. The Kosovo justice system is regarded as the weakest of Kosovo's institutions. The civil justice system is of particular concern, its increasing backlog of cases now stands at several tens of thousands. Combating serious crime, including organized crime and corruption, has proven to be difficult for the KPS and the justice system. It is hindered by family or clan solidarity and by the intimidation of witnesses and of law enforcement and judicial officials. For inter-ethnic crime, the law enforcement mechanism is also weak.

Organized crime and corruption have been characterized as the biggest threats to the stability of Kosovo and the sustainability of its institutions. These are widespread phenomena, but their level is difficult to assess. The government has not taken the necessary administrative and legislative action to fight organized crime and to prevent corruption in provisional institutions.

The Kosovo police and judiciary are fragile institutions. Further transfer of competences in these areas should be considered with great caution. In a deeply divided society, which is still recovering from post-conflict trauma, the establishment of ministries of justice and the interior could lead to the impression that they have fallen under the control of one political party or one ethnic group. The transfer of competences in such sensitive areas cannot work without a firm oversight, intervention and sanctioning policy. In the light of the limitations of the police and judicial systems, there will be a need for a continued presence of international police with executive powers in sensitive areas. The current ongoing reduction in the number of international judges and prosecutors is premature and should be urgently reconsidered.

With regard to the foundation for a multi-ethnic society, the situation is grim. Kosovo leaders and the international community should take urgent steps in order to correct this picture. The overall security situation is stable, but fragile. The level of reported crime, including inter-ethnic crime, is low. However, on the ground, the situation is complex and troubling, especially for minority communities. There are frequently unreported cases of low-level, inter-ethnic violence and incidents. This affects freedom of movement in a negative way. To correct this situation, it will be important to prosecute crime more vigorously. When perpetrators remain at large, a sense of impunity prevails. Belgrade should abstain from inflammatory comments, which could contribute to an insecure environment.

Respecting property rights is one of the most urgent challenges with regard to ensuring a truly multi-ethnic society. At present, property rights are neither respected

nor ensured. A great number of agricultural and commercial properties remain illegally occupied. This represents a serious obstacle to returns and sustainable livelihoods.

The overall return process has virtually come to a halt. The general atmosphere in many places is not conducive to return. Multi-ethnicity is often not seen as a goal. While overall statistics are hard to find, there is a widespread view that currently as many or more Kosovo Serbs are leaving Kosovo than are returning. A viable return process will require support and attention over a longer period of time, in particular to facilitate access to services and repossession of land. Greater attention will also be needed to those who have remained.

The return process is hampered by the fact that assistance is only provided to those who return to their home of origin. A more flexible policy of assistance should be considered to support the return of people to where they can live and not only to where they have lived. However, it must be ensured that a more flexible policy is not misused for political manipulation.

The continued existence of camps inside Kosovo is a disgrace for the governing structures and for the international community. The Roma camps in Plementina and Zitkovac are particularly distressing. They should be dealt with on an emergency basis.

The Serbian Orthodox religious sites and institutions represent a critical element of the spiritual fabric of Kosovo Serbs. They are also part of the world cultural heritage. There is a need to create a "protective space" around these sites, with the involvement of the international community, in order to make them less vulnerable to political manipulation.

To achieve sustainable return and viable minority communities, a wider decentralization process will be required. It could envisage enhanced competences in areas such as the police, justice, education, culture, the media and the economy. It could allow for horizontal links between Kosovo Serb majority municipalities. It would also facilitate the absorption of parallel structures into legitimate entities. However, it should not endanger central institutions in Kosovo or weaken Pristina's authority. The international community must stand ready to assist in the establishment of arrangements for wider decentralization.

There will not be any good moment for addressing Kosovo's future status. It will continue to be a highly sensitive political issue. Nevertheless, an overall assessment leads to the conclusion that the time has come to commence this process. The political process, which is now under way, must continue. Based on a comprehensive strategy, it has provided Kosovo with a political perspective. Kosovo having moved from stagnation to expectation, stagnation cannot again be allowed to take hold.

Further progress in standards implementation is urgently required. It is unlikely that postponing the future status process will lead to further and tangible results. However, moving into the future status process entails a risk that attention will be focused on status to the detriment of standards. It will require great effort to keep the standards implementation process on track. During the future status process, the international community will have a strong leverage to move standards implementation forward. That leverage must be fully exploited. Provided the future status process is properly handled, it can bring about further progress in standards implementation.

There is now a shared expectation in Kosovo and in Belgrade, as well as in the region, that the future status process will start. During this comprehensive review, there has been a gradual shift in the preparedness for such a process among the interlocutors. Furthermore, all sides need clarity with regard to the future status of Kosovo. It is of great importance that the future status process takes place at a time when the international community is still present in Kosovo in sufficient strength.

The future status process must be moved forward with caution. All the parties must be brought together — and kept together — throughout the status process. The end result must be stable and sustainable. Artificial deadlines should not be set. Once the process has started, it cannot be blocked and must be brought to a conclusion.

The international community will need strength to carry the future status process forward. The United Nations has done a credible and impressive job in fulfilling its mandate in difficult circumstances. But its leverage in Kosovo is diminishing. Kosovo is located in Europe, where strong regional organizations exist. In the future, they — and in particular the European Union (EU) — will have to play the most prominent role in Kosovo. They will have the leverage required and will be able to offer prospects in the framework of the European integration process.

A future status process should be accompanied by a clear expression by the international community that it is determined to stay and support this process as well as its outcome. The EU should, in the near term, consider stepping up its presence on the ground. When status has been determined, the EU will be expected to play a more prominent role, in particular with regard to the police and justice and in monitoring and supporting the standards process. The North Atlantic Treaty Organization (NATO) will also have to continue its presence. A United States contribution to the Kosovo Force (KFOR) is essential in order to provide a visible expression of continued engagement. The Organization for Security and Cooperation in Europe (OSCE) has a valuable asset in its field experience and expertise. This presence will continue to be required. A high representative or a similar arrangement should be considered, firmly anchored in the EU and with the continued involvement of the broader international community. A "Bonn Powers" arrangement could be envisaged in areas related to inter-ethnic issues.

A road map for integration into international structures would provide Kosovo with real prospects for the future. Belgrade will also need incentives for integration into Euro-Atlantic frameworks of cooperation. The EU decision to start negotiations with Serbia and Montenegro for a stabilization and association agreement represents a milestone in this respect.

Determining the future status of Kosovo will in itself be a demanding challenge. The international community must do the utmost to ensure that, whatever the eventual status, it does not become a failed status. Entering the future status process does not mean entering the last stage, but the next stage of the international presence.

Introduction

1. Following your report on the United Nations Interim Administration Mission in Kosovo (UNMIK) of 23 May 2005 (S/2005/335 and Corr.1), you asked me to undertake a comprehensive review of the situation in Kosovo based on the attached terms of reference. The review had a broad scope, with particular attention paid to whether the conditions were now in place for initiating and conducting the future status process. I also sought to use the leverage provided by the comprehensive review to promote progress on the ground and to contribute to an environment conducive to taking the political process forward.

2. Among all our experiences, I would in particular highlight the 10 days spent travelling all around Kosovo meeting with as many people as possible in numerous towns, villages and hamlets. This trip showed us what meetings in Pristina could not: how people live throughout Kosovo, the hardships they face and the hopes and fears they have for their future. In order to obtain an adequate understanding of the situation on the ground and the complex political environment, my team and I held extensive consultations with political leaders in Belgrade and Pristina; leaders of all communities in Kosovo; high-level representatives of Security Council members, key Member States, particularly those of the Contact Group and regional neighbours, and with regional organizations (EU, OSCE, NATO and the Council of Europe); UNMIK and other United Nations representatives in the field; and United Nations Headquarters. I would like to express my great appreciation for the openness and generosity with which we were received by all our interlocutors and the support provided to us by UNMIK.

3. The considerations and recommendations below represent my best judgement of where we stand and how we should now proceed in accordance with Security Council resolution 1244 (1999).

The context

4. The current political landscape must, of course, be seen in the light of the dramatic changes which took place following the end of the conflict in 1999. At that time, hundreds of thousands of Kosovo Albanians had returned to Kosovo and started to rebuild their lives. Most of the Kosovo Serbs had fled their homes. Kosovo was a society of widespread suffering and destruction for all communities. The economy lay in ruins. No democratic institutions existed. The province was placed under international administration, in accordance with resolution 1244 (1999).

5. Since then, a comprehensive process of rebuilding has taken place. Homes have been reconstructed. New institutions have been established covering all aspects of the society. Under difficult circumstances, the rebuilding of the economy has started. A new democracy is being built from the ground in a province without solid democratic traditions. The fledgling Kosovo institutions are struggling with the challenges of developing a sound legal framework and of providing services and security to the entire population. In order to guide and assist the rebuilding and development of Kosovo, the standards review mechanism was launched in 2003. This initiative was intended to help Kosovo achieve progress, which would allow a future status process to begin. However, the international community was

increasingly being seen as engaged in a holding operation, unwilling to address this crucial issue. There was a growing sense of frustration and stagnation.

6. The ending of the conflict in 1999 had profound implications for the relationship between the various communities in Kosovo, and in particular between the Kosovo Albanians and the Kosovo Serbs. From 1989, the authorities in Belgrade had controlled the instruments of power. The Kosovo Serbs had lived under the umbrella of Belgrade's rule over the province. Following the end of the conflict in 1999, the Kosovo Serbs saw the instruments of power gradually transferred to the majority-dominated Provisional Institutions of Self-Government. This dramatic change has had a strong impact — psychologically and politically — on the majority as well as the minority communities.

7. Today, the Kosovo Albanians demonstrate stronger self-confidence and assertiveness. They are — understandably — shaping their identity as a ruling majority population. This identity is — to a large extent — built on controversial events, personalities and symbols, often in opposition to the identities of Kosovo Serbs and other communities. Of course, this is a phenomenon seen in many societies in post-conflict situations. Mixed with this new assertiveness of the Kosovo Albanians is a lingering feeling of uncertainty over what Belgrade may do to prevent them from fulfilling their political aspirations. They see the Kosovo Serbs as instruments of Belgrade and therefore as part of a remaining threat to their future.

8. In contrast, the Kosovo Serbs are struggling to preserve their identity. They are experiencing pressure against important elements of this identity, such as their language, culture and religious heritage, as well as their economic survival. Other smaller communities are being further marginalized — politically, economically and culturally. In some cases, they are being assimilated.

9. The sense of stagnation and the tense relationship between the Kosovo Albanians and Kosovo Serbs led to the outbreak of violence in March 2004. It reflected the fact that inter-ethnic relations had to be seriously addressed and that a stronger sense of political perspective was urgently required. The international community could not live with a policy which was perceived as a policy of status quo.

10. In the report submitted to you on 6 August 2004 (S/2004/932 of 30 November 2004), a road map was presented in order to move out of a period of political stagnation and into a more dynamic political process. This road map contained an outline of a comprehensive strategy aimed at gaining political momentum leading to the opening of a future status process. It was based on the conviction that addressing the question of the future status of Kosovo should not be delayed much longer. The risks that would follow from a continued "wait and see" policy — in terms of increasing political, economic and social frustration — could soon be far greater than the risks related to a future status process.

11. This report seeks to provide a comprehensive assessment of the political situation one year later and looks closely at the prospects for a future status process. In order to determine whether the time has come to launch this process, a broad assessment of the situation in Kosovo must be made — going much beyond the implementation of standards. It must include considerations relating to more general developments in Kosovo, to the region as such and to the work of the international community. The key question is whether sufficient political maturity and

preparedness exist to initiate this process or whether such a decision is still premature.

12. There are today new and dynamic developments in Kosovo. The process of implementing standards is an important part of this dynamic. It has provided a sense of momentum, which for years had been lacking. But the goals of the standards process are ambitious. They cannot be met over a short period of time. This was emphasized in the report of 6 August 2004 referred to above. The standards process will require constant and determined efforts, stretching into and beyond the process of defining the future status of Kosovo. Rather than producing progress, unrealistic expectations could reinforce a sense of stagnation in the society. They could enhance the temptation to turn the standards process into a "window dressing" exercise, to the detriment of results on the ground.

13. At the same time, a future status process without adequate progress on standards could damage efforts to enhance respect for the rule of law, which would affect all the people of Kosovo — irrespective of ethnic belonging. Such a process could put Kosovo minority communities at greater risk and endanger the multi-ethnic character of Kosovo. An internally unstable Kosovo would make it even more difficult to define and implement a viable future status.

14. The international community has put tremendous energy into the process of implementing standards. It has engaged the leaders of Kosovo in a broadly based and common effort. Structures have been set up in the Kosovo government to facilitate the standards process, which has become a centrepiece of its activities and has led to an improved bureaucratic culture. The process has itself been a major achievement.

15. Many of those involved — from all communities — are committed to the success of the standards process. They have the ambition to create a society with a European perspective, based on good governance and the rule of law. The Kosovo Albanians are also generally motivated by the desire to enter the future status process. However, among Kosovo Albanians there is also a tendency to see standards implementation as an exercise imposed from outside and one that they have to go through in order to reach the status process. Genuine support for its underlying principles and objectives is often lacking. The strong verbal support for the standards process has therefore not been adequately translated into a profound commitment to concrete results. This applies to political leaders both inside and outside of government. The lack of unambiguous impulses from Pristina is reflected at the municipal level. Progress has often been a result of international pressure rather than local engagement.

16. Standards implementation is complex and multifaceted. In last year's report, it was underlined that it must become not a technical and bureaucratic process, but a political and impact-oriented exercise. This is still a concern. It is important to ensure that the process itself does not absorb so much attention and energy that it diverts attention from the impact it should have on people where they live. It must also permit attention to be directed to critical areas where bottlenecks may exist at any stage of the process. An overarching approach is required, where each standard supports the others and where they are all measured in this broader context.

The challenges

Building the institutional foundation

17. Well-functioning institutions are a prerequisite for the development of a democratic society, a healthy economy and respect for the rule of law. After the end of the conflict in 1999, there was a total institutional vacuum in Kosovo. Today, a comprehensive set of new institutions has been established. This represents a tremendous achievement. Executive, legislative, judicial and other institutions have been set up at the central as well as the local levels. New ministries are planned for later this year. A civil service is gradually taking shape. Over the recent period, a significant transfer of competences has taken place. The local leaders are gradually taking ownership of their own institutions. The level of democracy has improved over a short period of time. Furthermore, much progress has been achieved in the development of a sustainable legal framework. The legislative work of the Assembly, the Government and UNMIK has been ambitious and covered essential areas of public life and the economy.

18. The Assembly elections in October 2004 were also a significant success. They were free, fair and transparent and the first to be largely organized by Kosovo authorities. Following the elections, the maturity of the Assembly was faced with the new test of a strong opposition confronting the governing coalition. Both sides, as well as the Assembly leadership, had to learn their new roles, an exercise which has proven to be difficult. A parliamentary culture has not yet firmly taken root. Nevertheless, the work of the Kosovo Assembly has steadily improved.

19. The development of new institutions is undermined by a strong tendency among politicians to see themselves as accountable to their political parties rather than to the public they serve. The political parties tend to consider new institutions and the civil service as "their" domains. Appointments are, therefore, regularly made on the basis of political or clan affiliation rather than competence. Many civil servants are concerned about this inability to distinguish between the political authorities and the civil service and the hampering effect it has on the development of a durable and stable administration. Accountability mechanisms have largely been put in place to address irregularities and to ensure that established legislation and procedures are followed. However, they do not offer adequate protection. There is also ample evidence of insufficient respect for the Serbian language as the second official language of the provisional institutions.

20. Over the past five years, Kosovo has also established comprehensive educational and health-care systems as well as other public services. There are serious shortcomings in the quality of the services provided. The level of medical services is low and in some cases close to the standards of developing countries. In the educational system, modernization and de-politicization are urgently needed. However, the fact that services are now provided across most of Kosovo represents a significant achievement.

21. The Kosovo Serbs have chosen to stay outside of the central political institutions and maintain parallel structures for health and educational services. Many appeals have — without results — been directed to Kosovo Serb representatives to re-enter central political institutions. This relates first and foremost to the Assembly, since participation in a government formed by two

Kosovo Albanian parties, with the declared objective of independence for Kosovo, would be even more controversial. The Kosovo Serbs fear that they would become a decoration to any central-level political institution, with little ability to yield tangible results. This fear is understandable and the Kosovo Albanians have done little to dispel it. However, the overall interests of the Kosovo Serbs would be better served if their representatives returned to the Assembly. The Kosovo Albanian parties could stimulate such a process by making it clear that they will respect the Kosovo Serbs and other minority communities as voices with legitimate concerns rather than considering them as a limited number of votes that can easily be outnumbered. The negative attitude of the authorities in Belgrade — including failure to support Kosovo Serb participation in the 2004 elections — has contributed significantly to the absence of Kosovo Serbs from central political institutions. The time has come for Belgrade to abandon this position. In fact, had the Kosovo Serbs participated in those elections, they would — with reserved and elected seats together — have been able to influence the debates of the Assembly and even the formation of a government.

22. The numbers of Kosovo Serbs and members of other minority communities in the bureaucratic structures of the provisional institutions are also low. That is particularly the case in senior management positions. The recruitment of minorities has too often been seen as a question of filling a quota rather than one of providing meaningful participation. Clearly, the Kosovo Albanians should increase their efforts to create a multi-ethnic civil service. However, the Kosovo Serbs and other minorities must also demonstrate an interest in applying for positions in the governmental structures and be prepared to take active part.

23. The parallel structures for health and educational services located in Kosovo Serb populated areas are mainly financed by the Serbian government. The continued existence of these structures is a political demonstration as well as a reflection of the mistrust between the two communities. For Belgrade, it is an element of political influence. The current problem with regard to parallel structures is in many ways similar to the Kosovo Albanian parallel structures prior to 1999. Today, the parallel structures are probably the only realistic way to ensure the provision of adequate services to Kosovo Serbs. Solving the problem of parallel structures would require serious and practical incentives from the Government and a de-politicization of the issue by all sides. It is a problem which can most likely only be solved during a future status process.

24. The functioning of the new Kosovo institutions is very uneven. There is a significant lack of experience and expertise. Building new institutions and transferring competences must therefore go hand-in-hand with a focused international support to capacity-building. International efforts have — as so often in post-conflict situations — been sporadic and driven by short-term initiatives from the outside rather than long-term requirements inside the institutions. The government has now elaborated its own programme for capacity-building, in an effort to take greater ownership of this process. Nevertheless, an emerging sense of local ownership will not reduce the need for international support. Capacity-building will require a longer-term perspective. A better run and de-politicized university would also make a valuable and long-term contribution to capacity-building.

25. During the course of its evolution from a controversial past, the Kosovo Protection Corps (KPC) has continued to improve in the performance of its mandate

as a civil emergency organization. The efforts of the KPC towards fulfilling its standard are to a large extent due to its leadership. Recently, the KPC has become more professional. It provides assistance in reconstruction efforts and has started to recruit minority members, which is a difficult undertaking. There remains a deep mistrust of the KPC, particularly on the part of the Kosovo Serbs. The underlying issue relating to the KPC is its origins and the aspirations among many of a possible future role. Given the sensitivity of this issue, it will need to be addressed in connection with the future status process and in the light of the future requirements of Kosovo.

The economic challenge

26. The development of viable institutions and the quality of services are strongly and negatively affected by the current economic situation in Kosovo. Today, this economic situation remains precarious. In spite of some progress, many live in poverty and the unemployment rate is high. The situation is felt by most of the population, but minority communities and especially vulnerable groups are affected in a disproportionate way.

27. One of the most worrying aspects of the economic situation is the forecast for public income for 2006. According to current estimates, public income will be far from adequate to cover recurrent costs and the need for investments. A serious budget deficit can be expected. The Government must now take action to develop an improved system for the collection of taxes and utility bills and to bring the grey economy into legality. Such efforts would increase public income and reduce dependence on international assistance.

28. The energy sector is one of the most promising long-term assets of Kosovo. It is also one of its most troubling challenges. The Kosovo electricity company (KEK) suffers from antiquated technology, power outages and a dramatic lack of income from its customers. Last winter, a number of villages were disconnected owing to lack of payment by customers. This winter, there could be similar disconnections. However, they should not be portrayed as an inter-ethnic problem. All communities are affected.

29. There are also important positive developments. When the armed conflict ended in 1999, there was an almost complete lack of economic structures and legislation. Today, such structures have been established and modern legislation exists in many essential areas. The establishment of regulatory bodies and the continuing development of the banking sector are among the achievements contributing to potential economic development. The well-functioning Ministry of Finance and Economy has — with the cooperation of international and local experts — developed a framework for the management of a modern economy. The Kosovo Development Plan will also — when it is ready — give the province a valuable instrument to guide its economic future.

30. Today, the privatization process is well under way after long delays. The Kosovo Trust Agency expects that 90 per cent of the value of the socially owned enterprises will be privatized by next spring. This process could have a direct and positive impact on the economy in Kosovo, as many of the socially owned enterprises have been idle. Most of the privatized enterprises are taken over by Kosovo Albanians in Kosovo or residing abroad. High-level government officials

are concerned that many of the investments will not lead to productive business activity. There is a potential for using the privatization process for money-laundering purposes. Furthermore, it is important to take into account the effects of this process on the different ethnic groups. The privatization process could lead to discrimination in employment along ethnic lines and affect the economic sustainability of minority communities. This process must move forward, but in a way which safeguards the interests of the minority population during and after privatization. A more constructive engagement of Belgrade in the privatization process would promote this aim.

31. Kosovo also has valuable and unexploited natural resources, in particular lignite and other mining reserves, as well as important agricultural potential. With improved technologies and infrastructure, the lignite reserves could turn Kosovo into an energy exporter in an energy-hungry region. Solving questions related to property rights would facilitate the productive use of uncultivated land, enabling Kosovo to reduce its current unacceptably high imports of agricultural products.

32. Altogether, the economic situation is characterized by serious short-term problems, but also positive longer-term prospects. If a future status process is launched, this will certainly have a positive effect on the Kosovo economy. It would create new optimism and confidence in the future. With future status determined, a firmer basis for investments, loans and cooperation with international actors will be in place. The Kosovo authorities should, however, understand that they cannot depend on the international community to solve their problems. They must themselves take steps to ensure that shortcomings are addressed, for instance with regard to strengthening public income. Furthermore, investments and integration will not only depend on status. They will also depend on a predictable and stable Kosovo, which respects the rule of law.

Enhancing respect for the rule of law

33. The rule of law is affected by the strength of institutions and the viability of the economy. It also depends on the development of a legal framework, where significant progress has been made. The main challenge today is the lack of ability and readiness to enforce legislation at all levels. Respect for the rule of law is inadequately entrenched and the mechanisms to enforce it are not sufficiently developed.

34. The Kosovo Police Service (KPS) — the most multi-ethnic of the Kosovo institutions — is gradually taking on new and more demanding tasks, including riot control. Across Kosovo, the responsibility for its operations has been transferred to the KPS, with the international police in a monitoring role. The work the KPS has undertaken in relation to common offences within one ethnic community is increasingly respected by the population. Crimes of a more severe nature or with ethnic dimensions remain difficult for the KPS to address.

35. The Kosovo justice system is generally regarded as the weakest of the Kosovo institutions. The civil justice system is of particular concern; its increasing backlog of cases now stands at several tens of thousands. This affects everyone in Kosovo, lowering respect for the rule of law and contributing to a climate of impunity. Many of the cases pending are property claims by minorities.

36. Combating serious crime, including organized crime and corruption, has proven to be difficult for the KPS and the justice system. It is hindered by family or clan solidarity and by the intimidation of witnesses as well as of law enforcement and judicial officials. For serious inter-ethnic crime, the law enforcement record is also weak. Far too few perpetrators of serious crimes are ever brought to justice. Other crimes — such as theft of livestock and agricultural equipment belonging to minorities and illegal use of agricultural land — are also rarely prosecuted. This reinforces the sense that criminals can operate with impunity.

37. Organized crime and corruption have been characterized as the biggest threats to the stability of Kosovo and to the sustainability of its institutions. Some high-profile cases related to organized crime, including human and drug trafficking, have been properly investigated by the international community and the perpetrators have been brought to justice. These individual cases confirm that organized crime represents a serious threat to Kosovo.

38. Corruption is a widespread phenomenon in Kosovo, but the level is difficult to assess. In selected areas, such as the customs service, serious efforts have been made to combat institutional corruption by putting effective systems of accountability in place. The government has not taken the necessary administrative and legislative action to fight and prevent corruption in the provisional institutions. An anti-corruption law is in place, but the establishment of the anti-corruption agency has been delayed. The process is slow and without a convincing sense of commitment. Over the past six years, international police, prosecutors and intelligence officials have tried to address corruption, but have failed to go much beyond the surface of the problem. Clan solidarity, codes of silence, language problems and inexperienced local law enforcement institutions have all contributed to this failure. A joint effort by the international community and fully committed Kosovo authorities could bring progress in this area. Such an effort could certainly have a significant impact and demonstrate a readiness to address such crimes.

39. The Kosovo police and judiciary are fragile institutions. Further transfer of competences in these areas should, therefore, be considered with great caution. New ministries of justice and the interior should be placed under the leadership of individuals enjoying a high degree of confidence in all communities and in all political parties. Such individuals will be hard to find. In a deeply divided society, which is still recovering from the post-conflict trauma, these two ministries could easily be regarded as having fallen under the control of one political party or one ethnic group. Transfer of competences in such sensitive areas cannot work without a firm oversight, intervention and sanctioning policy. The multi-ethnic composition of the KPS and the trust it enjoys is fragile. Transfer of competences in this area could have a centrifugal effect on the KPS, making it difficult to maintain its multi-ethnic composition. This challenge will be even greater in a period in which possible future status talks would place its multi-ethnic character under pressure.

40. In the light of the limitations of the police and judicial system, there will be a need for a continued presence of international police with executive powers in sensitive areas. A continued presence of international judges and prosecutors will also be required to handle cases related to war crimes, organized crime and corruption as well as difficult inter-ethnic cases. The currently ongoing reduction in the number of international judges and prosecutors is premature and should urgently be reconsidered. The result of such reductions would be a further loss of credibility

of the justice system and of confidence in it among the population in general and the minority communities in particular. There is little reason to believe that local judges and prosecutors will be able to fulfil in the near future the functions now being carried out by international personnel.

41. Caution is also required with regard to the future of the Kosovo Police Service School. This is one of the most successful endeavours of the international community in Kosovo. The time has not yet come to replace the international management of this school. The police force must be, and must seem to be, trained in a politically neutral environment. Only then will the multi-ethnic composition of the KPS be ensured and the level of its acceptance by all communities be enhanced.

42. Improving respect for the rule of law will also require a strengthening of human rights instruments. The current plan to establish a Human Rights Advisory Panel could contribute to a greater protection of human rights. The creation of a Special Panel on Human Rights of the Supreme Court should also be considered.

43. The Ombudsperson Institution is one of the main human rights instruments in Kosovo today. In the current human rights climate, it will be important to avoid a weakening of this Institution when it is transferred to local ownership. The international community must ensure that the current powers and competences of the office are not diluted and that its credibility is ensured.

The inter-ethnic challenge

44. In Security Council resolution 1244 (1999), emphasis is placed on maintaining Kosovo as a multi-ethnic society. The inter-ethnic challenge has a number of components — providing security, ensuring property rights, promoting return and protecting the identity of minority communities. Regrettably, little has been achieved to create the foundation for a multi-ethnic society. The Kosovo leaders and the international community should take urgent steps to correct this grim picture.

Security

45. With regard to security, the overall situation is stable. The level of reported crime — including inter-ethnic crime — is low. In general, the political leaders attach great importance to maintaining stability and security. They understand that any outbreak of violence would seriously damage the international reputation of Kosovo and their political ambitions. In its task of providing overall security, KFOR has become more efficient and able to react quickly throughout Kosovo. The KPS is now better trained and equipped. Nevertheless, the situation remains fragile — as has been illustrated by events over the past weeks.

46. On the ground, the situation is complex and troubling — especially for the minority communities. Statistics can easily be misleading. While the level of reported inter-ethnic crime is low, there are frequent unreported cases of low-level, inter-ethnic violence and incidents. They do not appear in the statistics. Harassment, looting, stealing of cattle and other similar incidents occur very frequently. This is in addition to the widespread illegal occupancy of property, especially agricultural land, which makes it impossible to gain access to such property and to use or cultivate it without a security risk. Moreover, Kosovo is a small place, where incidents in one part become rapidly known in others. In this situation, the minority

communities — and especially the Kosovo Serbs — suffer from more than a perceived insecurity. It is indeed a mixture of reality and perception. To combat this situation, it will be important to prosecute crime more vigorously. When perpetrators remain at large, a sense of impunity prevails. Where there is freedom of movement for the perpetrators, it is hard to convince the victim that he or she enjoys the same freedom.

47. The low number of reported inter-ethnic incidents partly also stems from the fact that the minorities tend to avoid or reduce to a minimum their contacts with the majority population. It is difficult to expect that people from minority communities should take risks in order to verify whether freedom of movement and security are perceptions or facts. That being said, the authorities in Belgrade should abstain from inflammatory comments or premature reactions to incidents of violence when they occur. Statements of this nature also contribute to an insecure environment.

Property rights

48. Ensuring property rights is one of the most urgent challenges with regard to ensuring a truly multi-ethnic society. It is a general rule-of-law question affecting all communities. However, it is crucial for the minority communities — particularly the Kosovo Serbs — and for their prospects for return and survival. At present, property rights are neither respected nor ensured. Illegal construction and occupation of homes and agricultural and commercial property are widespread phenomena.

49. A great number of agricultural and commercial properties remain illegally occupied. This represents a serious obstacle to returns and sustainable livelihood. Although most residential property claims have been adjudicated, less than half of the decisions have been implemented. Local courts have a serious backlog of property-related cases amounting to tens of thousands. It is a situation that cannot be allowed to continue. The Government and the international community must urgently address this issue and find alternative ways to solve outstanding cases and to implement the decisions which have been made.

The return process

50. Lack of security and respect for property rights as well as uncertainty about the future contribute heavily to the fact that the overall return process has virtually come to a halt. There is a strong feeling that those who commit crimes enjoy impunity and that the possibility for establishing viable livelihoods is very limited. The great majority of the people who left Kosovo after June 1999 have not come back. Most of those who left after the violence of March 2004 have returned, although a number of them have again abandoned their homes. Even if houses and many of the secondary buildings have now been reconstructed, returnees find the start-up compensation of €2,000 insufficient to cover the loss of movable property. A viable return process will require support and attention over a longer period of time, in particular to facilitate access to services and repossession of land. Greater attention will also be needed to those who have remained. The sustainability of the existing communities must become an integral part of the return strategy. For every family leaving, the prospect of returns to their village or town will diminish.

51. Kosovo Albanian leaders have committed themselves to the return process. However, this is the "Pristina reality". The reality on the ground is different. The security situation, insufficient access to justice, lack of protection of property rights,

and uncertain political and economic prospects discourage return. Furthermore, the general atmosphere in many places is not conducive for return. Multi-ethnicity is often not seen as a goal. With some exceptions, Kosovo Serbs will therefore only return to places where they can find safety in numbers, with access to their own services. Few Kosovo Serbs still live in urban areas with the Kosovo Albanian population and return there is more difficult as the pressure from the majority community is greater and the means of economic survival are limited.

52. While reliable overall statistics are hard to find, there is a widespread view — including in the international community — that currently as many or more Kosovo Serbs are leaving Kosovo than are returning. There are reports that an increasing number of returnees are selling their property and leaving again.

53. The return process is also hampered by the fact that assistance is only provided to those who return to their home of origin. It is, for instance, unlikely that those who fled Pristina in 1999 will return to their home of origin in the foreseeable future. They may, however, wish to establish a home elsewhere in Kosovo. A more flexible policy of assistance that would enable returnees to resettle in the area of their choice should be considered. This would allow returnees to create more viable communities in Kosovo. Support would thereby be provided to people where they can live and not only where they have lived. This is a complex matter, since a more flexible policy could also be misused for political manipulation and for pursuing political goals. It cannot mean giving up commitments to those who wish to return to their homes and who need support to fulfil their aspirations. It cannot be a substitute for current policies, but should be a supplement to them.

54. The situation of internally displaced persons inside Kosovo is frequently neglected. The continued existence of camps inside Kosovo is a disgrace for the governing structures and for the international community. The Roma camps in Plementina and Zitkovac are particularly distressing and made worse by serious health hazards. They should be dealt with on an emergency basis.

Serbian Orthodox religious sites and institutions

55. The Serbian Orthodox religious sites and institutions represent a critical element of the spiritual fabric of Kosovo Serb society. The sustainability of the Kosovo Serb community in Kosovo is related to the preservation of its cultural and religious heritage. However, the Serbian Orthodox sites also represent more than an important part of Serb identity. They are a part of the world cultural heritage. Many of these sites have been seriously damaged or destroyed since 1999. Finally, the reconstruction is now about to start. However, they will continue to need protection. While the readiness of KFOR to maintain its protection of religious sites is essential, a durable solution cannot be built on military forces.

56. There is a need to create a "protective space" around these sites in order to make them less vulnerable to political manipulation. Arrangements should be found that would place Serbian Orthodox sites in Kosovo under a form of international protection. This would need to include guarantees of access, property rights, and community sustainability. It is important not only to protect individual sites as cultural and religious monuments, but also as living communities. The Council of Europe and the United Nations Educational, Scientific and Cultural Organization (UNESCO) have particular expertise in this area and should be invited to play a role in such arrangements.

57. The Serbian Orthodox Church is experiencing pressure against its identity. In addition to intimidation and threats, there are attempts to rewrite the history and origin of Serbian Orthodox heritage. They see uncontroversial and neutral names of streets in the vicinity of their sites being changed and "albanized". The Kosovo Albanian leaders should react and bring a halt to these activities.

Decentralization

58. To achieve sustainable return and viable minority communities, a process of decentralization will be required. It will improve the ability of non-Albanian communities in Kosovo to protect their identity and livelihood, build their confidence in the future and encourage them to take a more active part in the governing institutions of Kosovo.

59. Already in 2002, decentralization was promised to the Kosovo Serbs in return for their participation in the elections and the provisional institutions. However, until recently, real efforts and political will have been lacking. During the summer of 2005, a desire to achieve quick results led to a less ambitious approach and insufficient consultations with those involved. The result has been "too little, too late". Progress has been made on pilot projects for non-Serb areas. However, the current stalemate with regard to those in Kosovo Serb majority areas is unlikely to be resolved.

60. Decentralization should now be seriously addressed in a wider framework, which would result in a meaningful devolution of powers and enhanced competences at the local level. Such a framework could include a number of new municipalities where the Kosovo Serbs, in particular, would have a comfortable majority. It could envisage enhanced competences in areas such as the police, justice, education, culture, the media and the economy, including the appointment of key officials. It could allow for horizontal links between Kosovo Serb majority municipalities. Arrangements could also be considered for special ties to Belgrade, without giving Belgrade any authority in such communities. An ambitious decentralization plan, with special competences going beyond those given to all other municipalities, should not endanger central institutions in Kosovo or weaken Pristina's authority. It would establish effective institutional guarantees for the minorities, increase confidence in the central institutions of Kosovo and contribute to a situation where such municipalities would be under the authority of Pristina. Furthermore, it would facilitate the absorption of parallel structures into legitimate entities.

61. The international community must stand ready to assist in the establishment of arrangements for wider decentralization. Lessons should be drawn from similar — albeit not identical — processes in the former Yugoslav Republic of Macedonia and in southern Serbia. In both cases, the international community contributed a significant effort to give the local Albanian populations the breathing space required to protect their interests and maintain their identity in a multi-ethnic environment. The international community should now be prepared to act with the same determination to protect the interests of Kosovo Serb and other minority communities.

The way forward

The future status process

62. There will — as stated in last year's report — not be any good moment for addressing the future status of Kosovo. Determining Kosovo's future status remains — and will continue to be — a highly sensitive political issue with serious regional and wider international implications. Nevertheless, an overall assessment leads to the conclusion that the time has come to commence this process.

63. Since last year, a political process has been under way in Kosovo, driven by a more dynamic international engagement. It has been based on a comprehensive strategy that has provided Kosovo with a political perspective. This process should continue. It cannot be interrupted or brought to a halt. Kosovo will either move forward or slide backwards — having moved from stagnation to expectation, stagnation cannot again be allowed to take hold there.

64. Progress with regard to standards implementation is very mixed. Further progress is urgently required. However, it is unlikely that postponing the future status process will lead to further and tangible results in the implementation of standards. Progress can only be achieved if the sense of a political perspective is maintained and if the international community is ready and able to mobilize greater energy and pressure than it is today. Provided the future status process is properly handled, this framework can be used to make further progress.

65. There is now a shared expectation in Kosovo and in Belgrade, as well as in the region, that the future status process will start. During this comprehensive review, there has been a gradual shift in the preparedness of the interlocutors for a future status process. There had been a tendency among the leaders in Pristina to fight each other rather than to prepare for the next steps. Recently, a negotiating team consisting of the five most prominent Kosovo Albanian leaders was appointed, under the leadership of the Kosovo President. There had been a strong tendency among leaders in Belgrade to look at each other rather than to look forward. Today, there is a greater sense of preparedness and unity. There had been reluctance among the Kosovo Serbs to come together and discuss the challenges facing them. Kosovo Serbs of all factions have now been brought together around one table. The work on this comprehensive review has stimulated these developments. However, all these trends are fragile. Great efforts will be required in Pristina and in Belgrade — as well as among the Kosovo Serbs — to prepare for a future status process in a coherent and unified manner.

66. Furthermore, all sides need clarity with regard to the future status of Kosovo. The Kosovo Albanians have expectations that the political process will move forward and that determining Kosovo's future status will bring greater clarity with regard to Kosovo's political and economic development. Kosovo Serbs need such clarity in order to make informed decisions about their future lives. For Belgrade, determining the future status of Kosovo will remove an important source of internal political instability and facilitate the realization of Serbia's European perspective. The region also is better served by putting the question of the future of Kosovo on the agenda. Clarity will stimulate regional political and economic cooperation and remove an element of instability which today hampers the development of the region.

67. It is of great importance that the future status process take place at a time when the international community is still present in Kosovo in sufficient strength. There is today a growing "Kosovo fatigue" in the international community. Postponing the future status process will reinforce this fatigue and weaken the ability of the international community to conduct this process. Commencing the future status process will create a basis for a re-energized international engagement, requiring countries and organizations to place Kosovo squarely back on the agenda.

68. The international community is committed to ensuring that the future Kosovo respects the political, social and economic rights of all ethnic groups, in accordance with Security Council resolution 1244 (1999). This must also be reflected in an effort to bring the minority communities into the process. In addition to Belgrade and Pristina, the Kosovo Serbs will have to be addressed as a party to this process. Mechanisms must also be found to involve the smaller communities. They often declare their readiness to contribute towards the future status of Kosovo. But, they also expect that this process will address their own rights and role in the future Kosovo.

69. The future status process for Kosovo will be very different from peace processes in other parts of the former Yugoslavia. In contrast to those processes, there is in Kosovo little to build on in terms of previous peace plans. Little preparation by the international community and the parties has taken place. Furthermore, the negotiations concern a territory which is still part of a sovereign State but is temporarily administered by the United Nations through provisional self-governing institutions.

70. Hence, the importance of moving forward with caution. Every effort must be made to bring all the parties together — and keep them together — throughout the status process. This broad participation must be respected by all. The process must not be rushed forward but must be brought forward with a clear and common picture of the agenda and the implications. This clear picture of the agenda is still lacking. The end result must be stable and sustainable. Artificial deadlines should therefore not be set. However, once the process has started, it cannot be blocked and must be brought to a conclusion.

71. As already mentioned, much energy has been spent — as part of the consultations for the comprehensive review — to build an environment conducive to possible future status discussions. An important element in this respect has been to bring Belgrade and Pristina together in direct informal talks at the ministerial level. These meetings, between the Ministers of Local Government and the Ministers of Culture, respectively, were the first direct talks at a political level for two years. Decentralization and cultural and religious matters constitute essential elements of any future status process. Continuing these discussions into the early stages of the process would serve as a confidence-building measure and as a signal of readiness by all to contribute to a stable and multi-ethnic Kosovo — irrespective of the outcome of the future status process. They should form building blocks for subsequent phases of the process.

72. The future status process must also seek to involve the neighbouring States in a meaningful way. They will need to understand the process, support it and be reassured by the way in which it is conducted. This will be important to ensure that stability is maintained throughout the process and that the end result contributes to regional stability. The demarcation of the border with the former Yugoslav Republic of Macedonia will be of particular significance and should be resolved before this process ends.

Keeping standards implementation on track

73. It will require great effort to keep the standards implementation process on track. There will be a risk that attention will be focused on status to the detriment of standards. However, it is of crucial importance that sufficient resources be mobilized to ensure that the implementation of standards continues with undiminished energy and with a stronger sense of commitment. During the future status process, the international community will have a stronger leverage to move standards implementation forward. That leverage must be fully exploited. Enhanced implementation of standards will be essential to foster the confidence of the Kosovo Serbs and other minorities during a period of increased political tension. It will also be essential in order to achieve the confidence of the region and the international community.

74. In order to stimulate the standards process, the international community should intensify its efforts in critical areas and review some current practices. There is a need to speed up work with regard to property rights, strengthen return policies, improve human rights instruments, enhance law enforcement efforts in general and ensure that privatization does not affect minorities in a discriminatory way. Progress in these areas would provide a more solid basis for the future status process to unfold and would enhance the likelihood of a sustainable and stable status.

The challenge of reconciliation

75. Reconciliation must now get under way. The main burden will fall on the shoulders of the leaders of the majority population. Those who are eager to obtain recognition, integration and investment must also demonstrate generosity. The Kosovo Albanians must seek to define their identity in a way which is not at the expense of others. They must understand the pressure felt by minorities against their identity, their culture and their livelihood. The Kosovo Serbs and Belgrade must also acknowledge such initiatives and take active part in a reconciliation process. They must accept that remaining outside the Kosovo institutions will not in the end bring them the protection they seek. The Kosovo Albanians must start looking towards the other Kosovo communities and the Kosovo Serbs must in return start looking towards Pristina. All the communities must make an effort to base their future on inclusiveness, modernization and democracy, rather than on separation and ethnic belonging.

76. Further progress in finding and identifying missing persons would be an important contribution to a process of reconciliation. Those who have lost their loved ones need and deserve clarity. Enhanced political efforts must be undertaken to meet their legitimate demands. The possibility of dedicating greater resources to resolving outstanding cases of identification should also be urgently considered.

77. Kosovo will not in the foreseeable future become a place where Kosovo Albanians and Kosovo Serbs are integrated. They probably never were. Nevertheless, the reconciliation process should start. It must come from inside Kosovo and be embraced by all communities. The international community must encourage reconciliation and provide active support

The roles and responsibilities of the international community

78. A decision to start the future status process will take Kosovo — and the region — into a new and difficult phase. The international community will need strength to carry the status process forward. Once the future status has been determined, an international presence — military and civilian — will require the resources necessary to manage the implementation of the settlement in a stable and orderly way.

79. The United Nations has done a credible and impressive job in fulfilling its mandate in difficult circumstances. But its leverage in Kosovo is diminishing. Kosovo is located in Europe, where strong regional organizations exist. In the future, these regional organizations — and in particular the EU — will have to play the most prominent role in Kosovo. They will have the leverage and will be able to offer prospects in the framework of the European integration process. However, any reconfiguration of the international presence in Kosovo must take place in a coordinated manner in order to ensure that current and future requirements are met and the credibility of the international community is maintained.

80. A future status process should be accompanied by a clear expression by the international community that it is determined to stay and support this process as well as its outcome. The EU should in the near term consider stepping up its presence on the ground in order to play an enhanced role in the standards process, prepare for a longer-term engagement and provide visible evidence of Europe's commitment to Kosovo. When status has been determined, the EU will be expected to take on a more prominent role. This relates to the police and justice, where a continued presence will be required, albeit smaller and more specialized; to monitoring and supporting the standards process, which will gradually be merged with established EU processes; and to a focused capacity-building effort.

81. NATO will also have to continue its presence. A restructuring is taking place which will allow the NATO-led KFOR to maintain its credibility and efficiency, while reducing the overall number of its personnel. No other organization can currently provide the same basis of stability. A United States contribution to KFOR is essential. This will provide a visible expression of continued United States engagement.

82. The OSCE has a valuable asset in its field experience and expertise. This presence will be required to enable the international community to monitor and support standards implementation, promote confidence between ethnic communities and identify needs for capacity-building.

83. With the United Nations eventually stepping down from its current role, the lead role should also be taken over by others. A High Representative — or a similar arrangement — will have to be considered. Such an arrangement should be firmly anchored in the EU, while at the same time ensuring continued commitment by the broader international community, in particular the United States. However, the international presence must be developed in a spirit of partnership and local ownership. Each post-conflict situation has its own specific character. To copy the experience of Bosnia and Herzegovina would therefore be a simplistic approach. However, a "Bonn Powers" arrangement could be envisaged in areas relating to inter-ethnic issues, in order to promote confidence and reconciliation.

84. A road map for integration into international structures would provide Kosovo with real prospects for the future. The incentives must be clear and visible. An enhanced EU presence in Kosovo would provide tangible evidence of a stronger European commitment.

85. Belgrade will also need clear incentives for integration into Euro-Atlantic frameworks for cooperation. The EU decision to open negotiations for a stabilization and association agreement represents a milestone in this respect. The most important incentive for Belgrade, however, will not be outside the context of Kosovo, but inside it. Arrangements for wider decentralization will be the most essential part.

86. Determining the future status of Kosovo will in itself be a demanding challenge. The international community must do the utmost to ensure that, whatever the eventual status, it does not become a "failed" status. Kosovo cannot remain indefinitely under international administration. However, it will continue to depend on a significant international presence on the ground. The support needed in so many areas cannot be provided by remote control. The international community must have the stamina required. Entering the future status process does not mean entering the last stage, but the next stage of the international presence.

Appendix

Terms of reference of the Special Envoy of the Secretary-General for the comprehensive review of the situation in Kosovo

Purpose. The comprehensive review is in furtherance of the United Nation's responsibility in Kosovo according to Security Council resolution 1244 (1999), which includes facilitating a political process designed to determine the future status of Kosovo. The review will provide a basis for the Secretary-General's political judgement on whether the situation is conducive to the initiation of the future status process.

Framework for the review. The review will be carried out in the context of resolution 1244 (1999) and the relevant Presidential Statements of the Security Council.

Methodology and scope. The comprehensive review will consist of consultations with the parties and with the major actors on the ground, as well as with the international community, with a broad scope in order to assess the current situation and the conditions for the possible next steps in the process. It will look at the actual political realities as well as the formal preconditions for launching the future status process on the basis of continued and effective progress towards implementation of the standards. The review will also take into account issues related to the sustainability of governance, including the rule of law and security. The review will include an exploration of modalities for initiating and conducting the future status process.

The Special Envoy will consult closely with the Special Representative of the Secretary-General in Kosovo. He will, furthermore, consult with, inter alia, Security Council members, the Contact Group, relevant regional organizations, the parties, relevant regional actors and other key players. Upon the request of the Special Envoy, UNMIK will provide necessary support and access to information and analyses in its possession.

Time frame. The initiation, pace and duration of the comprehensive review will be determined by the Secretary-General on the basis of consultations held by the Special Envoy, taking into account the situation on the ground. It is hoped that the review can be completed in September.

Findings and reporting. The Special Envoy will report directly to the Secretary-General. The Special Envoy will provide the Secretary-General with a comprehensive report on the implementation of standards as well as on the overall situation in and relating to Kosovo.

New York, 13 June 2005